

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*

Debtors.¹

PROMESA Title III

Case No. 17-BK-3283-LTS
(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO ELECTRIC POWER AUTHORITY,

Debtor.

Case No. 17-BK-4780-LTS

**This Court Filing Relates Only
to Case No. 17-BK-4780-LTS**

**JOINDER OF NATIONAL PUBLIC FINANCE GUARANTEE
CORPORATION TO THE URGENT MOTION OF THE AD HOC GROUP OF
PREPA BONDHOLDERS PURSUANT TO SECTION 312 OF PROMESA AND
SECTION 105 OF THE BANKRUPTCY CODE TO APPOINT A MEDIATOR AND
IMPOSE DEADLINES FOR A PREPA PLAN OF ADJUSTMENT (ECF NO. 2718)**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

National Public Finance Guarantee Corporation (“National”) submits this Joinder to the *Urgent Motion of the Ad Hoc Group of PREPA Bondholders Pursuant to Section 312 of PROMESA and Section 105 of the Bankruptcy Code to Appoint a Mediator and Impose Deadlines for a PREPA Plan of Adjustment* (ECF No. 2718, the “Motion”),² and respectfully states as follows:

1. National, one of PREPA’s largest creditors, is party to a Restructuring Support Agreement (“RSA”) that provides for a comprehensive restructuring of PREPA. The RSA, a milestone achievement for PREPA, should enable it to exit Title III within months while successfully restructuring billions of dollars in debt. Under the current RSA, however, legislative approval of a bond securitization package is necessary. Although the Commonwealth Legislature enacted nearly identical legislation in 2016 to implement the RSA’s predecessor (*i.e.*, a securitization structure with a dedicated transition charge for debt service), it has not, at least to date, been willing to do so again. In light of current political realities, the Oversight Board has stated, and National agrees, that an alternative option is necessary to implement the RSA.

2. But time is of the essence to accomplish this task. PREPA’s Title III case has been pending far too long. The Oversight Board’s current Executive Director, Natalie Jaresko, has just six weeks left of her tenure. Court-ordered mediation, led by Judge Barbara Houser (who National understands is willing to serve as mediator), is the surest way to negotiate a consensual amendment to the RSA within the time allocated and move PREPA out of Title III in the coming months.

3. National’s involvement with and support for PREPA is not new. National insured more than \$1.8 billion of PREPA bonds. When PREPA’s financial condition deteriorated,

² Capitalized terms used but not otherwise defined in this Joinder shall have the meanings ascribed to them in the Motion.

National negotiated and joined the original RSA in 2015. As it became necessary to support PREPA's recovery still further, National extended forbearance agreements repeatedly, altered milestones, and provided essential liquidity to PREPA by purchasing relending bonds on three separate occasions. National also has continued to pay claims for principal and interest under PREPA bonds. National negotiated and joined the current RSA and continues to fully support it. Indeed, the RSA represents the culmination of years of prior negotiations spanning several Commonwealth administrations.

4. For its part, the Oversight Board has continued to express its support for the RSA in periodic status reports to this Court,³ while also suggesting that an alternative implementation option may be necessary. National has formally requested that the Oversight Board support the requested mediation and hopes that it will join the parties to the RSA at the bargaining table after the Court issues the requested Order.

5. Accordingly, National hereby joins in the Ad Hoc Group's Motion and requests that the Court enter orders appointing Judge Houser as mediator, referring the Initial Mediation Parties to mediation, and setting deadlines for a PREPA plan of adjustment, as set forth in the proposed orders filed with the Motion.

6. National reserves all rights with respect to the issues raised in the Motion, including the right to be heard at any hearing on the Motion.

³ See, e.g., PREPA Dkt. No. 2111 (July 31, 2020 Status Report), at 12 ("[T]he postponement of the restructuring process in the face of COVID-19 has not diminished the Government Parties' commitment to moving toward a consensual exit from Title III."); Dkt. No. 2220 (September 25, 2020 Status Report), at 12 ("Here, the Oversight Board has determined that the best course for PREPA is to preserve its consensual posture with PREPA's bondholders Prematurely pivoting to litigation ... would be 'inappropriate, inefficient, and wasteful.'"); Dkt. No. 2476 (May 11, 2021 Status Report), at 8-9 ("The Government Parties remain supportive of the terms of the RSA. The Oversight Board members have publicly voiced their continued support for the RSA. The Government Parties intend to preserve the RSA..."); Dkt. No. 2627 (October 4, 2021 Status Report), at 8 ("The Oversight Board is committed to finding a way to implement the RSA..."); Dkt. No. 2691 (January 19, 2022 Status Report), at 5-6 (stating that "[t]he Oversight Board has determined at this point to move forward with the settlement set forth in the RSA," which "is in the public's best interest").

RESPECTFULLY SUBMITTED, in San Juan, Puerto Rico, February 22, 2022.

WE HEREBY CERTIFY that on this same date a true and exact copy of this response was filed with the Clerk of Court using the CM/ECF system, which will notify a copy to counsel of record. Also, a copy of this document will be notified via electronic mail to all case participants.

Dated: February 22, 2022
San Juan, Puerto Rico

**ADSUAR MUÑIZ GOYCO
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